

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

AMES DEPARTMENT STORES INC

CIK: **6071** | IRS No.: **042269444** | State of Incorp.: **DE** | Fiscal Year End: **0129**
Type: **8-K** | Act: **34** | File No.: **001-05380** | Film No.: **94545900**
SIC: **5331** Variety stores

Mailing Address
2418 MAIN STREET
ROCKY HILL CT 06067

Business Address
2418 MAIN ST
ROCKY HILL CT 06067
2032572000

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): AUGUST 25, 1994

(AUGUST 25, 1994)

AMES DEPARTMENT STORES, INC.

(Exact Name of Registrant As Specified In Its Charter)

DELAWARE

(State Or Other Jurisdiction Of Incorporation)

1-5380

04-2269444

(Commission File Number)

(IRS Employer Identification No.)

2418 MAIN STREET; ROCKY HILL, CONNECTICUT

06067-0801

(Address Of Principal Executive Offices)

(Zip Code)

(203) 257-2000

(Registrant's Telephone Number, Including Area Code)

NOT APPLICABLE

(Former Name Or Former Address, If Changed Since Last Report)

ITEM 5: OTHER EVENTS

Beginning on August 25, 1994, Ames will distribute, to its banks and other lenders, principal trade vendors and factors, summaries of its unaudited financial results for the four and twenty-six weeks ended July 30, 1994. These monthly and year-to-date results (collectively, the "monthly results") are attached hereto as Exhibit 20 and are incorporated by reference herein.

Compared with the projections contained in the Form 8-K dated May 27, 1994 (referred to herein as the "Plan"), sales for the four weeks ended July 30, 1994 were \$4.6 million less than Plan and EBITDA (as defined in Exhibit 20) was \$.6 million worse than Plan. In July, the unfavorable sales variance was primarily due to sales shortfalls in apparel and convenience goods. July's gross margin rate was also less than Plan due primarily to higher-than-planned advertising and clearance markdowns, particularly in apparel. The unfavorable impact on July's EBITDA from the lower-than-planned sales and gross margin rate was partially offset by lower-than-planned expenses and a gain on the sale of certain property. Store, field and home office expenses were all less than Plan in July.

Sales for the twenty-six weeks ended July 30, 1994 were \$12.1 million less than Plan; however, EBITDA was \$.2 million better than Plan. The major portion of the year-to-date unfavorable sales variance was in apparel and convenience goods. The lower year-to-date gross margin rate was due to higher-than-planned advertising markdowns. The unfavorable impact on the year-to-date EBITDA from the lower-than-planned sales and gross margin rate was more than offset by lower-than-planned expenses and higher-than-planned gains on property sales. Year-to-date store, field and home office expenses were all less than Plan.

As of July 30, 1994, LIFO inventories were \$4.7 million greater than Plan, primarily in hardline categories. Trade payables were \$18.5 million greater than Plan due primarily to improved payment terms. Outstanding borrowings under the Company's new revolving line of credit as of July 30, 1994 were \$18.6 million less than Plan due primarily to the better-than-planned trade payable terms.

Ames is distributing the monthly results to its banks and other lenders, principal trade vendors and factors to

facilitate their credit analyses. The summary results SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE and should

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be read in conjunction with the Company's Form 10-K for the fiscal year ended January 29, 1994, the Company's Form 10-Q for the first fiscal quarter ended April 30, 1994, the Company's Form 8-K dated May 27, 1994, and the Company's Form 10-Q to be filed for the second fiscal quarter ended July 30, 1994. The monthly results are being reported publicly solely because they are being distributed to a large number of the Company's vendors for purposes of their credit analyses.

During the pendency of its reorganization case, Ames disclosed publicly its monthly results through filings with the Office of the U.S. Bankruptcy Trustee and continued to report publicly its monthly results during the fiscal year ended January 29, 1994. Although Ames expects to continue to make its monthly results public for the fiscal year ending January 28, 1995, Ames does not believe it is obligated to provide such information indefinitely, other than as required by applicable regulations, and Ames may cease making such disclosures and updates at any time. The monthly results were not examined, reviewed or compiled by Ames' independent certified public accountants. Moreover, Ames does not believe that it is obligated to update the monthly results to reflect subsequent events or developments. The reported monthly results are subject to future adjustments, if any, that could materially affect such results. However, in the opinion of the Company, the monthly results contain all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the results for the periods presented.

ITEM 7: FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

Exhibit: 20 Unaudited Financial Summary Results for the Four and Twenty-six Weeks Ended July 30, 1994.

INDEX TO EXHIBITS

Exhibit No. -----	Exhibit -----	Page No. -----
20	Unaudited Financial Summary Results for the Four and Twenty-six Weeks Ended July 30, 1994	6

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMES DEPARTMENT STORES, INC.

Registrant

Dated: August 24, 1994

By: /s/ Joseph R. Ettore

Joseph R. Ettore
President, Director, and
Chief Executive Officer

Dated: August 24, 1994

By: /s/ John F. Burtelow

John F. Burtelow
Executive Vice President,
Chief Financial Officer

Dated: August 24, 1994

By: /s/ William C. Najdecki

William C. Najdecki
Senior Vice President,
Chief Accounting Officer

<TABLE>

AMES DEPARTMENT STORES, INC.
JULY RESULTS VS. PLAN
MANAGEMENT FORMAT
(Unaudited)
(In Millions)

Exhibit 20
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<CAPTION>

	July 1994			Fiscal 1995 Year-to-Date		
<S>	Actual	Plan*	Last Yr**	Actual	Plan*	Last Yr**
<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME SUMMARY:						
Net Sales	\$143.5	\$148.1	\$145.6	\$927.1	\$939.2	\$931.6
FIFO Margin	\$ 35.6	39.1	35.2	246.3	256.6	250.6
Margin	% 24.8%	26.4%	24.2%	26.6%	27.3%	26.9%
Total Expenses	39.8	41.6	42.6	259.4	267.7	265.8
Gain on Dispos. of Properties	1.5	-	-	3.5	1.9	-
EBIT	(2.7)	(2.5)	(7.4)	(9.6)	(9.2)	(15.2)
Net Interest Expense	2.0	2.2	2.1	12.8	14.2	12.7
Non-Cash Inc. Tax Prov. (Ben.)	(1.5)	(1.5)	-	(3.4)	(3.7)	-
Extra. Chg., net of tax ben.	-	-	-	1.5	1.5	-
Non-Recurring (Gain)-Wertheim	-	-	-	(12.0)	(12.0)	-
Net Income (Loss)	(\$3.2)	(\$3.2)	(\$9.5)	(\$8.5)	(\$9.2)	(\$27.9)
From EBIT:						
Non-Cash SARs Exp. (Credit)	(0.3)	-	-	0.1	1.5	-
Depr/Amort, LIFO, & other, net	-	0.1	(0.2)	2.2	-	(2.1)
EBITDA	(\$3.0)	(\$2.4)	(\$7.6)	(\$7.3)	(\$7.7)	(\$17.3)

BALANCE SHEET SUMMARY:

	Balance at	
	end of Period	
	Actual	Plan
Unrestricted Cash and Cash Equivalents	\$30.8	\$29.1
Restricted Cash and Cash Equivalents	1.0	0.9
Merchandise Inventories, LIFO	484.3	479.6
Other Current Assets	39.2	31.5
Total Current Assets	555.3	541.1
Net Fixed Assets	30.1	44.2
Other Assets and Deferred Charges	7.3	6.4

Total Assets	\$592.7	\$591.7
	=====	=====
Trade Accounts Payable	\$99.6	\$81.1
Short-Term Debt (Revolver)	106.4	125.0
Other Current Liabilities	166.5	173.6
	-----	-----
Total Current Liabilities	372.5	379.7
Long-Term Debt	41.7	42.2
Fresh-start Excess Net Assets (Negative Goodwill)	51.7	51.8
Unfavorable Lease Liability	24.0	24.0
Other Long-Term Liabilities	50.9	49.8
	-----	-----
Total Liabilities & Fresh-St. Excess Net Assets	540.8	547.5
Paid-In-Capital	73.5	65.7
Retained Earnings (Deficit)	(21.6)	(21.5)
	-----	-----
Total Liabilities & Equity	\$592.7	\$591.7
	=====	=====

<FN>

* As reported on Form 8-K dated May 27, 1994.

** Last year's (fiscal 1994) income summary represents 309 stores as compared to 305 stores in July 1994.

NOTE: EBIT is earnings (loss) before net interest expense, income taxes, and non-recurring or extraordinary items. EBITDA is EBIT before depreciation & amortization, LIFO expense, stock appreciation rights (SARs) accruals, and other non-cash charges.

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AMES DEPARTMENT STORES, INC.
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(Unaudited)
(In Millions)

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<CAPTION>

<S>	July 1994		Fiscal 1995 Year-to-Date	
	Actual <C>	Plan* <C>	Actual <C>	Plan* <C>
CASH FLOW SUMMARY:				
Beg. Unrestricted Cash & Cash Equiv.	\$32.9	\$34.1	\$16.5	\$26.9
Cash Generated from (Used in) Operations:				
Net Income (Loss)	(3.2)	(3.2)	(8.5)	(9.2)
Non-Cash Income Tax Expense (Benefit)	(1.5)	(1.5)	(3.4)	(3.7)
Other	(0.5)	0.5	0.5	3.5
Cash from Operations	(5.2)	(4.2)	(11.4)	(9.4)
Changes in Working Capital:				
FIFO Inventory (increase) decrease	(9.9)	(6.6)	(42.7)	(39.5)
Trade Payables increase (decrease)	27.2	18.3	25.5	6.2
All Other	(0.4)	(6.8)	(2.4)	(7.9)
Net Changes in Working Capital	16.9	4.9	(19.6)	(41.2)
Capital Expenditures	(4.6)	(5.2)	(10.7)	(21.0)
(Incr) Decr. in Rest. Cash & Cash Equiv.	-	0.1	55.0	57.4
Other:				
Short-Term Borrow. (Pymts) - Revolver	(7.8)	-	91.0	105.0
Payments of Capital Leases	(0.3)	(0.3)	(1.8)	(1.9)
Payments on Long-Term Debt	(1.1)	(0.3)	(80.6)	(79.3)
Increase in Deferred Financing Costs	-	-	(7.6)	(7.4)
Total Other	(9.2)	(0.6)	1.0	16.4
Unrestricted Cash Increase (Decrease)	(2.1)	(5.0)	14.3	2.2

Ending Unrestricted Cash & Cash Equiv.	\$30.8	\$29.1	\$30.8	\$29.1
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<FN>

* As reported on Form 8-K dated May 27, 1994.

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